



# City of Gilroy

## STAFF REPORT

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Agenda Item Title: Acceptance of the Annual Development Impact Fee Report for Fiscal Year 2019-2020 as Required Under Government Code 66000

Meeting Date: December 7, 2020

From: Jimmy Forbis, City Administrator

Department: Finance Department

Submitted By: Cindy Murphy

Prepared By: Cindy Murphy

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Fiscal Stability



Downtown Revitalization



Economic Development

### **Strategic Plan Goals**



Neighborhood Services



Enhanced Public Safety



Workforce Stability



Public Engagement

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### **RECOMMENDATION**

Accept and file the annual development impact fee report for Fiscal Year 2019-2020 as required under Government Code 66000.

### **EXECUTIVE SUMMARY**

In accordance with the Mitigation Fee Act (Act), Government Code 66000 et seq. the City must annually review and make a public report on development impact fees.

### **POLICY DISCUSSION**

The Act requires that the City prepare an annual review and report of all established development impact fees and make the report available to the public. In accordance with this requirement, staff is presenting the annual impact fee report for the fiscal year ending June 30, 2020.

## **BACKGROUND**

The Mitigation Fee Act, Government Code 66000 et seq., (adopted as AB 1600 and commonly referred to as “AB 1600 requirements”) governs the establishment and administration of development impact fees paid by new development projects for public facilities needed to serve new development.

Fees must be separately accounted for and used for the specific purpose for which the fee was established and imposed. The City’s adopted development impact fees are listed in the attachment. Expenditures are authorized by Council through annual capital and operating budgets.

## **ANALYSIS**

No analysis is required. This report is for information purposes only. The establishment of fees and expending of fee-generated revenue occurs in separate Council actions.

## **FISCAL IMPACT/FUNDING SOURCE**

This report has no direct fiscal impacts as this report only provides information describing each development impact fee and a list of revenues, expenditures, and fund balance for each impact fund.

### **Attachments:**

1. Gilroy Impact Fee Report FY19-20

<b>City of Gilroy</b> <b>Impact Fee Revenues and Expenditures</b> <b>For Fiscal Year 2019/20</b>
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FUND 420 - Storm Drain Development Impact Fee	Project Number	FY19/20 AB 1600
<b><u>Revenues</u></b>		
Storm Impact Fees	420-2600-0000-3660	\$ 9,538
Interest	420-2600-0499-3710	18,843
Interfund Transfer Interest Income	420-2600-0440-3712	14,358
Transfer from General Fund	420-2600-0100-3910	1,196
<b>Total Revenues</b>		<b>\$ 43,935</b>
<b><u>Expenditures</u></b>		
GIS Systems	420-2600-3402-4215	5,000
Storm Drain Master Plan	420-2600-3416-4215	1,838
Overhead Expenses	420-2600-0100-4455	454
<b>Total Expenditures</b>		<b>\$ 7,292</b>
<b>Revenues Less Expenditures</b>		<b>\$ 36,643</b>
<b>Fund Balance as of June 30, 2019</b>		<b>2,009,875</b>
<b>Fund Balance as of June 30, 2020</b>		<b>\$ 2,046,518</b>

**Relationship between and purpose for which fee is charged:**

Fees are to finance the construction of drainage collection and conveyance systems in conformance with the Gilroy Storm Drain Master Plan in order to accommodate development of new residential, commercial, and industrial uses as well as expand system capacity. Projects are identified and undertaken in compliance with updated and approved master plans based on population projections, the General Plan policies, land use needs, and other standards approved by the City Council.

Storm Drain Impact Fee charges are as follows:	(420-2600-0000-3660)
Residential - Low Density	\$564/acre
Residential - High Density	\$886/acre
Commercial	\$1,528/acre
Commercial-Assembly Hall	\$564/acre
Industrial	\$1,128/acre

<b>City of Gilroy</b> <b>Impact Fee Revenues and Expenditures</b> <b>For Fiscal Year 2019/20</b>
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FUND 432 - Street Tree Development Impact Fee	Project Number	FY19/20 AB 1600
<b><u>Revenues</u></b>		
Street Trees Development Impact Fees	432-2600-0000-3660	\$ 344
Interest	432-2600-0499-3710	2,673
Transfer from General Fund	432-2600-0100-3910	27
<b>Total Revenues</b>		<b>\$ 3,044</b>
<b><u>Expenditures</u></b>		
Program Expenses	432-2600-0000-4265	-
Overhead Expenses	432-2600-0100-4455	-
<b>Total Expenditures</b>		<b>\$ -</b>
<b>Revenues Less Expenditures</b>		<b>\$ 3,044</b>
<b>Fund Balance as of June 30, 2019</b>		<b>132,944</b>
<b>Fund Balance as of June 30, 2020</b>		<b>\$ 135,988</b>

**Relationship between and purpose for which fee is charged:**

The Street Tree Development Fund collects a front footage fee to plant trees in new developments.

Street Trees Impact Fee charges are as follows:	(432-2600-0000-3660)
City Planting and Replacement	\$3.06/ff
Inspection and Replacement	\$0.41/ff

<b>City of Gilroy</b> <b>Impact Fee Revenue and Expenditures</b> <b>For Fiscal Year 2019/20</b>
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FUND 433 - Traffic Impact Fee	Project Number	FY19/20 AB 1600
<b><u>Revenues</u></b>		
Traffic Impact Fees	433-2600-0000-3660	\$ 2,454,400
Interest	433-2600-0499-3710	268,940
Transfer from General Fund	433-2600-0100-3910	48,769
<b>Total Revenues</b>		<b>\$ 2,772,109</b>
<b><u>Expenditures</u></b>		
GIS System	433-2600-3402-4215	5,000
Tenth at Uvas Creek Bridge	433-2600-3851-4340	743
Cohansey/ Monterey	433-2600-4407-4340	517,909
North West Quad Cohansey	433-2600-4457-4340	1,413,470
Overhead Charges	433-2600-0100-4455	129,227
Administration	433-2600-0000-xxxx	8,937
<b>Total Expenditures</b>		<b>\$ 2,075,286</b>
<b>Revenues Less Expenditures</b>		<b>\$ 696,823</b>
<b>Fund Balance as of June 30, 2019</b>		<b>12,852,388</b>
<b>Fund Balance as of June 30, 2020</b>		<b>\$ 13,549,211</b>

**Relationship between and purpose for which fee is charged:**

Fees are to finance the construction of streets, bridges, interchanges and traffic signals as identified in the City's General Plan Circulation Element to accommodate development of new residential, commercial, and industrial uses for the purpose of expanding transportation system capacity. Projects are completed in conformance with approved master plans based on the General Plan, population projections, land use, and other standards approved by the City Council.

Traffic Impact Fee charges are as follows:	(433-2600-0000-3660)
Residential - Low Density	\$11,908/unit
Residential - High Density	\$9,653/unit
Commercial - Low Traffic	\$13,176/ksf
Commercial - High Traffic	\$26,615/ksf
Industrial - General	\$5,221/ksf
Industrial - Warehouse	\$3,784/ksf

<b>City of Gilroy</b> <b>Impact Fee Revenues and Expenditures</b> <b>For Fiscal Year 2019/20</b>
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FUND 435 - Sewer Development Impact Fee	Project Number	FY19/20 AB 1600
<b><u>Revenues</u></b>		
Sewer Impact Fees	435-2600-0000-3660	\$ 1,703,451
Interest	435-2600-0499-3710	241,311
Transfer from Interest Income	435-2600-0440-3712	25,640
Transfer from General Fund	435-2600-0100-3910	28,351
<b>Total Revenues</b>		<b>\$ 1,998,753</b>
<b><u>Expenditures</u></b>		
GIS Systems	435-2600-3402-4215	\$ 5,000
Sewer Interfund Transfer	435-2600-0700-4410	693,577
SCRWA Construction Interfund Transfer	435-2600-0839-4410	1,360,010
Overhead Expenses	435-2600-0700-4455	112
Administration	435-2600-0000-xxxx	2,438
<b>Total Expenditures</b>		<b>\$ 2,061,137</b>
<b>Revenues Less Expenditures</b>		<b>\$ (62,384)</b>
<b>Fund Balance as of June 30, 2019</b>		<b>13,533,945</b>
<b>Fund Balance as of June 30, 2020</b>		<b>\$ 13,471,560</b>

**Relationship between and purpose for which fee is charged:**

Fees are to finance the construction of expanded sewer collection, treatment and conveyance systems as identified in the Sewer Master Plan in order to accommodate development of new residential, commercial, and industrial uses based on standards adopted by the City Council.

Sewer Impact Fee charges are as follows:	(435-2600-0000-3660)
Residential - Low Density	\$12,501/unit
Residential - High Density	\$6,764/unit
Commercial	\$3,956/cgpd
Industrial	\$3,956/cgpd

<b>City of Gilroy</b> <b>Impact Fee Revenues and Expenditures</b> <b>For Fiscal Year 2019/20</b>
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FUND 436 - Water Development Impact Fee	Project Number	FY19/20 AB 1600
<b><u>Revenues</u></b>		
Water Impact Fees	436-2600-0000-3660	\$ 487,040
Interest	436-2600-0499-3710	92,917
Transfer from General Fund	436-2600-0100-3910	5,893
<b>Total Revenues</b>		<b>\$ 585,850</b>
<b><u>Expenditures</u></b>		
GIS Systems	436-2600-3402-4215	5,000
Reimbursement Improvements	436-2600-3486-4340	474,947
Overhead Expenses	436-2600-0720-4455	7,494
Administration	436-2600-0000-xxxx	19,644
<b>Total Expenditures</b>		<b>\$ 507,085</b>
<b>Revenues Less Expenditures</b>		<b>\$ 78,765</b>
<b>Fund Balance as of June 30, 2019</b>		<b>4,601,793</b>
<b>Fund Balance as of June 30, 2020</b>		<b>\$ 4,680,558</b>

**Relationship between and purpose for which fee is charged:**

Fees are to finance the construction of improvements and expansion of water production, transmission, distribution and storage systems within Pressure Zone 1 as described in the Water Master Plan necessary to accommodate the capacity requirements of new residential, commercial and industrial uses and in accordance with the General Plan, population increase projections and other standards established by the City Council.

Water Impact Fee charges are as follows:	(436-2600-0000-3660)
Residential - Low Density	\$4,294/unit
Residential - High Density	\$1,737/unit
Commercial	\$6,731/kgpd
Industrial	\$6,731/kgpd

<b>City of Gilroy</b> <b>Impact Fee Revenues and Expenditures</b> <b>For Fiscal Year 2019/2020</b>
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<b>FUND 440 - Public Facilities Impact Fee</b>	<b>Project Number</b>	<b>FY19/20 AB 1600</b>
<b><u>Revenues</u></b>		
Public Facility Impact Fees	440-2600-0000-3660	\$ 3,930,147
Interest	440-2600-0499-3710	78,373
Interfund Transfer from General Fund	440-2600-0100-3910	40,763
<b>Total Revenues</b>		<b><u>\$ 4,049,283</u></b>
<b><u>Expenditures</u></b>		
GIS System	440-2600-3402-4215	7,500
Sports Park Expansion	440-2600-4342-4215	1,318,415
New Police Staff Resource - Duty Belts and Equipment	440-2600-1658-4272	969
New Police Staff Resource- Equipment and Furniture	440-2600-1658-4320	61,484
City Hall Annex	440-2600-4760-4340	254,858
Ronan Channel Trail Improvements	440-2600-3822-4340	1,378,506
Lions Creek Gap Closure	440-2600-4426-4340	42,625
Lease Rev Bonds 2013 Interfund Transfer Out	440-2600-0514-4410	1,847,270
PFFA Refund 2010 Interfund Transfer Out	440-2600-0516-4410	1,747,706
Overheard Charges	440-2600-0100-4455	210,463
Interfund Interest Expense-Storm Fund	440-2600-0420-4512	14,358
Interfund Interest Expense-Sewer Fund	440-2600-0435-4512	25,640
Interfund Interest Expense-Fleet	440-2600-0600-4512	47,177
Interfund Interest Expense-Equipment Outlay	440-2600-0605-4512	15,384
Administration	440-2600-0000-xxxx	2,500
<b>Total Expenditures</b>		<b><u>\$ 6,974,853</u></b>
<b>Revenues Less Expenditures</b>		<b>\$ (2,925,569)</b>
<b>Fund Balance as of June 30, 2019 *</b>		<b><u>(3,182,011)</u></b>
<b>Fund Balance as of June 30, 2020 *</b>		<b><u><u>\$ (6,107,580)</u></u></b>

**Relationship between and purpose for which fee is charged:**

Fees are to finance the construction of parks, police, fire and library facilities as identified in the Public Facilities Master Plan based on the need to expand City facility capacity to accommodate new development and pursuant to standards approved by the City Council.

Public Facility Impact charges are as follows:	(440-2600-0000-3660)
Residential - Low Density	\$21,318/unit
Residential - High Density	\$17,936/unit
Commercial	\$3,213/ksf
Industrial	\$1,423/ksf

*\* In 2008 the City purchased the Gilroy Gardens Property for \$13.7 million, of which there is a remaining balance of approximately \$7.0 million. The current negative Fund Balance above includes the remaining loan payable amount that is due in payments over nine years. This amount is shown as a liability in the City's financial system, resulting in the negative balance stated above.*



<p><b>City of Gilroy</b>  <b>Impact Fee Schedule Summary</b>  <b>For Fiscal Year 2019/20</b></p>
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**FUND 420 - Storm Drain Development Impact Fee**

Residential - Low Density	\$564/acre
Residential - High Density	\$886/acre
Commercial	\$1,528/acre
Commercial-Assembly Hall	\$564/acre
Industrial	\$1,128/acre

**FUND 432 - Street Tree Development Impact Fee**

City Planting and Replacement	\$3.06/ff
Inspection and Replacement	\$0.41/ff

**FUND 433 - Traffic Impact Fee**

Residential - Low Density	\$11,908/unit
Residential - High Density	\$9,653/unit
Commercial - Low Traffic	\$13,176/ksf
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Industrial - General	\$5,221/ksf
Industrial - Warehouse	\$3,784/ksf

**FUND 435 - Sewer Development Impact Fee**

Residential - Low Density	\$12,501/unit
Residential - High Density	\$6,764/unit
Commercial	\$3,956/cgpd
Industrial	\$3,956/cgpd

**FUND 436 - Water Development Impact Fee**

Residential - Low Density	\$4,294/unit
Residential - High Density	\$1,737/unit
Commercial	\$6,731/kgpd
Industrial	\$6,731/kgpd

**FUND 440 - Public Facilities Impact Fee**

Residential - Low Density	\$21,318/unit
Residential - High Density	\$17,936/unit
Commercial	\$3,213/ksf
Industrial	\$1,423/ksf